

**Introduced by Senator Figueroa**

February 22, 2006

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An act to add Chapter 1.5 (commencing with Section 13984) to Part 4.5 of Division 3 of Title 2 of the Government Code, relating to economic development.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1424, as introduced, Figueroa. State government: economic development: economic competitiveness.

Existing law requires the Secretary of Business, Transportation and Housing to develop and report to the Governor on legislative, budgetary, and administrative programs to accomplish comprehensive, long-range, coordinated planning and policy formulation in the matters of public interest related to the agency.

This bill would require the Secretary of Business, Transportation and Housing to establish a Blue Ribbon Task Force on Manufacturing Competitiveness within the Business, Transportation and Housing Agency. The task force would be responsible for making findings regarding the strategic importance of manufacturing in the state, investigating the status of nanotechnology, micro electro mechanical systems, and biotechnology in the state, determining how to retain existing manufacturing and technology facilities and their support infrastructure in the state, and developing and recommending to the Governor, the Legislature, and the Secretary of Business, Transportation and Housing a strategic initiative on manufacturing competitiveness, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature hereby finds and declares all of  
2 the following:

3     (a) From January 1990 to September 2003, California lost  
4 nearly 400,000 manufacturing jobs. The proportion of total state  
5 employment represented by manufacturing in California dropped  
6 from 15.9 percent to 10.9 percent during the same period.  
7 Productivity improvements and wage competition in other parts  
8 of the world accounted for most of the job loss.

9     (b) The core of California's competitive manufacturing  
10 advantage in the future is the use of new materials, such as  
11 nanotechnology and Micro Electro Mechanical Systems  
12 (MEMS), applied through advanced manufacturing techniques to  
13 produce innovative products that are moved across global  
14 electronic and surface trade links to customers anywhere in the  
15 world. Information technology penetrates and ties together every  
16 element of this process.

17     (c) An innovative, highly trained workforce skilled in  
18 technical and applied uses of advanced technologies generates a  
19 firm's competitive advantage. These technologies are moving  
20 from the laboratory into manufacturing. The state or nation  
21 assuming a leadership role in this new form of manufacturing  
22 will dominate the industrial revolution that is already under way.

23     (d) California's skilled labor force is aging, with a substantial  
24 number retiring over the next 5 to 10 years.

25     (e) A new multiethnic workforce is emerging that will need to  
26 be trained in technology related skills and learn manufacturing  
27 techniques. Over 60,000 Latinos and Hispanics passed the high  
28 school Math and English exit exams in 2005 and are ready to be  
29 trained for manufacturing jobs, or to go on to higher education.

30     (f) Technology transfer, innovative available venture capital,  
31 and entrepreneurial skills are key to the continuous emergence of  
32 small new companies. These companies produce the technology  
33 and jobs of the future. This bounty must be moved into  
34 manufacturing operations in California.

35     (g) Biotechnology, nanotechnology, and advanced  
36 manufacturing plants in aerospace, computers, and food  
37 processing are expensive, requiring incentives and public-private  
38 investment strategies. California needs to attract the billions of

dollars that manufacturers are investing in India and other states back to California.

(h) Logistics is integrated into successful manufacturing operations. The specialized needs of high value goods movement in the state and for exports from the state needs to be addressed.

(i) California must consolidate its leadership role in the advancement of science and technology, and in the new forms of manufacturing embedded in the emerging industrial revolution.

(j) In order to ensure California secures and protects its capacity to reap the maximum economic benefits, including high wage employment, state government should assume leadership by undertaking a strategic initiative on manufacturing competitiveness.

SEC. 2. Chapter 1.5 (commencing with Section 13984) is added to Part 4.5 of Division 3 of Title 2 of the Government Code, to read:

CHAPTER 1.5. BLUE RIBBON TASK FORCE ON  
MANUFACTURING COMPETITIVENESS

13984. Not later than \_\_\_\_, the Secretary of Business, Transportation and Housing, shall, in consultation with and with active leadership by, the California Council on Science and Technology, establish a Blue Ribbon Task Force on Manufacturing Competitiveness, utilizing existing resources within the Business, Transportation and Housing Agency and other state agencies.

13984.1. Task force membership shall, at a minimum, be drawn from known experts in economic development, finance, venture capital, the academic and research community, labor, manufacturing industry organizations, including entities representing minority manufacturing, public and private education and workforce training providers, and organizations and entities possessing expertise in nanotechnology, Micro Electro Mechanical Systems (MEMS) and biotechnology.

13984.2. The task force shall be responsible for the following:

(a) Making findings regarding the strategic importance of manufacturing in California.

1 (b) Investigating the status of nanotechnology, MEMS, and  
2 biotechnology in California and its potential to transform current  
3 concepts and applications of manufacturing and industrial  
4 development.

5 (c) Determining how to make California's business and  
6 investment climate attractive enough to retain existing  
7 manufacturing facilities and billion dollar nanotechnology and  
8 related foundries and technology, including the supporting  
9 supplier chains and other elements of industry clusters, and the  
10 one hundred million dollars (\$100,000,000) per plant  
11 biotechnology, pharmaceutical, and other manufacturing  
12 facilities, including their supporting clusters in California.

13 (d) Developing and recommending to the Governor, the  
14 Legislature, and the Secretary, a strategic initiative on  
15 manufacturing competitiveness that shall include, but is not  
16 limited to, the following:

17 (1) Identifying and weighing the contribution that key  
18 competitive factors make at particular times in the development  
19 and maintenance of the competitive advantage of manufacturing  
20 sectors, including but not limited to the following factors:

- 21 (A) Advanced digital manufacturing technologies.
- 22 (B) Logistics.
- 23 (C) Information technology and broadband communications.
- 24 (D) Intellectual property.
- 25 (E) Venture capital availability.
- 26 (F) New materials availability.
- 27 (G) A technically trained and innovative workforce.
- 28 (H) Life-long learning.
- 29 (I) Links between small and medium sized companies.
- 30 (J) State regulations and tax policy.
- 31 (K) State business assistance and other direct technical and  
32 business services.

33 (2) Determining the key enabling technologies most likely to  
34 be particularly significant for manufacturing in the future,  
35 including the following factors:

- 36 (A) When they will become significant.
- 37 (B) What will drive or constrain their development.
- 38 (C) What other nations and states are doing in the field and if  
39 it has been effective in the past, or is likely to be in the future.

1 (D) What state government should do to facilitate  
2 manufacturing development including the availability of capital,  
3 technology transfer, business services, regulatory relief,  
4 workforce training, and tax incentives to obtain, use, and train for  
5 technology.

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